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SENATE BILL 593

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Dede Feldman

AN ACT

RELATING TO HEALTH CARE; PROVIDING FOR CONDITIONAL TUITION
WAIVERS FOR MEDICAL STUDENTS WHO CHOOSE PRIMARY CARE PRACTICE;
MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the
"Conditional Tuition Waiver for Primary Care Medical Students
Act".

Section 2. DEFINITIONS.--As used in the Conditional
Tuition Waiver for Primary Care Medical Students Act:

A. "course of study" means a medical student's
medical education, including any residency program;

B. "department" means the higher education
department;

C. "fund" means the primary care physician

1 conditional tuition waiver program fund;

2 D. "loan" means a waiver that the department has
3 reclassified as a temporary provision of money after a
4 participant has only partially fulfilled or failed to fulfil
5 the participant's obligation under the primary care physician
6 conditional tuition waiver program pursuant to the Conditional
7 Tuition Waiver for Primary Care Medical Students Act;

8 E. "participant" means an individual that has
9 applied to participate in, has been accepted into and has
10 signed a contract agreeing to the terms of the program;

11 F. "primary care physician" means a medical doctor
12 with specialty training in family medicine, general internal
13 medicine or general pediatrics;

14 G. "program" means the primary care physician
15 conditional tuition waiver program;

16 H. "residency" means three years of specialty
17 training in family medicine, general internal medicine or
18 general pediatrics after medical school;

19 I. "secretary" means the secretary of higher
20 education;

21 J. "university" means the university of New Mexico;
22 and

23 K. "waiver" means the conditional waiver of tuition
24 and stipend granted to primary care medical students at the
25 university school of medicine through the program.

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1 Section 3. PRIMARY CARE PHYSICIAN CONDITIONAL TUITION
2 WAIVER PROGRAM CREATED--ADMINISTRATION--RULEMAKING--SELECTION
3 PROCESS--REPAYMENT.--

4 A. The "primary care physician conditional tuition
5 waiver program" is created and shall be administered by the
6 department. The department shall:

7 (1) promulgate rules for implementing the
8 program in consultation with the university;

9 (2) publicize the program to medical students
10 and to prospective medical students;

11 (3) collect and manage repayments from
12 students who do not meet their obligations under the program;
13 and

14 (4) solicit and accept funds for the program,
15 including grants and donations.

16 B. The department shall select participants
17 according to rules it promulgates and, in consultation with the
18 university, shall create a standard process for medical
19 students to declare their intentions to be primary care
20 physicians and to apply to participate in the program. In
21 consultation with the university, the department shall set
22 program standards for academic progress according to which
23 continued participation in the program shall be contingent.

24 C. Participation shall be limited to ten
25 participants a year.

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1 D. Participation in the program shall be evidenced
2 by a contract between the participant and the department. The
3 contract shall provide for the payment of a participant's
4 medical school tuition and a reasonable stipend at the
5 university from the fund and shall be conditioned upon the
6 participant fulfilling the program obligations. An applicant
7 whom the department offers to accept for enrollment in the
8 program shall sign the contract before being accepted into the
9 program. The department shall award a waiver to a medical
10 student upon accepting the student into the program.

11 E. The department shall promulgate rules setting
12 the maximum amount of the reasonable living stipend. The
13 department shall determine the maximum amount of the living
14 stipend based upon the availability of funds and information
15 provided by the university regarding the current cost of
16 attendance at the school of medicine.

17 F. For a period of no more than five years, the
18 department shall allow participants to remain in the program
19 and receive continued waivers in accordance with the
20 availability of funds and the department's finding that the
21 participant is meeting the program standards for satisfactory
22 academic progress.

23 G. The department shall award waivers to
24 participants from the fund. The department shall approve the
25 amount of the waiver granted to a participant. The amount of

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1 the waiver awarded to a participant shall not exceed a
2 reasonable living stipend plus the amount of resident tuition
3 and fees that a participant incurs. A student may receive a
4 waiver on the following terms:

5 (1) interest shall accrue upon termination of
6 the participant's course of study; the waiver amount shall bear
7 interest at the rate of:

8 (a) eighteen percent per year if the
9 participant completes a course of study and no portion of the
10 principal and interest is forgiven pursuant to Subsection J of
11 this section; and

12 (b) seven percent per year in all other
13 cases; and

14 (2) the maximum period for repayment shall be
15 ten years, commencing six months from the date the participant
16 completes or discontinues the course of study, including a
17 residency.

18 H. The department shall promulgate rules to
19 implement the provisions of the Conditional Tuition Waiver for
20 Primary Care Medical Students Act.

21 I. The contract shall provide that the department
22 forgive a portion of the waiver for each year that a
23 participant practices as a primary care physician in New
24 Mexico. Waivers shall be reclassified as loans if the
25 department determines that the recipient has terminated the

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1 participant's course of study prior to completion or that the
2 participant has failed to fulfill the participant's program
3 obligation to practice as a primary care physician in New
4 Mexico.

5 J. The loan shall be forgiven as follows:

6 (1) a loan term of one year shall require one
7 year of practice as a primary care physician in the state for
8 the one-year term of the loan received. Upon completion of
9 service, one hundred percent of the loan shall be forgiven;

10 (2) a loan term of two years shall require two
11 years of practice as a primary care physician in the state for
12 the two-year term of the loan received. Upon completion of the
13 first year of service, fifty percent of the loan shall be
14 forgiven; upon completion of the second year of service, the
15 remainder of the loan shall be forgiven;

16 (3) a loan term of three years shall require
17 three years of practice as a primary care physician in the
18 state for the three-year term of the loan received. Upon
19 completion of the first year of service, twenty-five percent of
20 the loan shall be forgiven; upon completion of the second year
21 of service, fifty percent of the loan shall be forgiven; and
22 upon completion of the third year of service, the remainder of
23 the loan shall be forgiven;

24 (4) a loan term of four years shall require
25 four years of practice as a primary care physician in the state

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1 for the four-year term of the loan received. Upon completion
2 of the first year of service, thirty percent of the loan shall
3 be forgiven; upon completion of the second year of service,
4 forty percent of the loan shall be forgiven; upon completion of
5 the third year of service, fifty percent of the loan shall be
6 forgiven; and upon completion of the fourth year of service,
7 the remainder of the loan shall be forgiven; or

8 (5) a loan term of five years shall require
9 five years of practice as a primary care physician in the state
10 for the five-year term of the loan received. Upon completion
11 of the first year of service, ten percent of the loan shall be
12 forgiven; upon completion of the second year of service, twenty
13 percent of the loan shall be forgiven; upon completion of the
14 third year of service, thirty percent of the loan shall be
15 forgiven; upon completion of the fourth year of service, fifty
16 percent of the loan shall be forgiven; and upon completion of
17 the fifth year of service, the remainder of the loan shall be
18 forgiven.

19 K. In the event that a participant completes the
20 participant's course of study and does not meet the program
21 obligation to serve as a primary care physician in the state,
22 the department shall assess a penalty of up to three times the
23 principal due, plus eighteen percent interest, unless the
24 department finds acceptable extenuating circumstances for why
25 the participant cannot serve. The department shall collect the

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1 penalty and remit it to the state treasury for deposit in the
2 current school fund. If the department does not find
3 acceptable extenuating circumstances for the participant's
4 failure to carry out the program obligation, the department
5 shall require immediate repayment of the loan plus the amount
6 of any interest and penalty assessed pursuant to this
7 subsection.

8 L. The department is authorized to cancel any
9 contract made between it and any participant pursuant to the
10 Conditional Tuition Waiver for Primary Care Medical Students
11 Act, or set terms of alternative service in lieu of monetary
12 repayment, for any cause the department deems reasonable.

13 M. The department shall be responsible for
14 collecting repayments made pursuant to this section and shall
15 exercise due diligence in collecting repayments and maintaining
16 all necessary records to ensure that full repayments are made.
17 The department shall collect and service repayments under this
18 section to the full extent of the law, including wage
19 garnishment where practicable. The department shall forgive
20 all or parts of repayments under the criteria established in
21 this section and shall maintain all necessary records of
22 repayments it forgives.

23 N. When a participant makes payment of principal or
24 interest to the department pursuant to the provisions of this
25 section, the department shall deposit these payments into the

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1 fund and shall use these payments to cover the costs of
2 granting waivers and the administrative expenses associated
3 with the program and collection activity on its behalf. The
4 department shall maintain accurate records of these expenses,
5 and all receipts beyond those necessary to pay these expenses
6 shall be used to grant waivers to participants.

7 Section 4. PRIMARY CARE PHYSICIAN CONDITIONAL TUITION
8 WAIVER FUND--CREATED.--

9 A. The "primary care physician conditional tuition
10 waiver fund" is created as a nonreverting fund in the state
11 treasury. The department shall deposit into the fund all funds
12 received for the program. The fund shall be self-sustaining
13 and consist of money appropriated by the legislature for the
14 program, private contributions to the program and receipts from
15 participant repayments.

16 B. Expenditures from the fund shall be used solely
17 to make waivers to participants in the program and
18 administrative expenses associated with the program and
19 collection activity on its behalf.

20 C. Disbursements from the fund shall be made only
21 by authorization of the secretary or the secretary's designee.

22 Section 5. EFFECTIVE DATE.--The effective date of the
23 provisions of this act is January 1, 2010.